

Affin Hwang Growth Fund

Annual Report
28 February 2021

Out **think.** Out **perform.**



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
AmanahRaya Trustees Berhad (766894-T)

AFFIN HWANG GROWTH FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 28 February 2021

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FUND INFORMATION

Fund Name	Affin Hwang Growth Fund
Fund Type	Capital Growth
Fund Category	Equity
Investment Objective	To generate capital growth over the medium to long term period through diversified investments of equities listed on Bursa Malaysia
Benchmark	FTSE Bursa Malaysia KLCI
Distribution Policy	Distribution (if any) is incidental and will be subject to the availability of income

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	5,542	7,849
5,001 to 10,000	990	7,220
10,001 to 50,000	2,033	47,669
50,001 to 500,000	57	3,917
500,001 and above	2	312,960
Total	8,624	379,615

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 29 Feb 2021 (%)	As at 29 Feb 2020 (%)	As at 28 Feb 2019 (%)
Portfolio composition			
Quoted equities – local			
- Consumer Products & Services	7.96	6.77	9.46
- Construction	-	0.60	-
- Financial Services	13.22	12.82	30.10
- Industrial Product & Services	24.21	9.41	11.48
- Healthcare	5.00	8.78	0.82
- Energy	-	10.50	4.12
- Plantation	2.85	1.97	1.95
- Property	1.50	-	2.63
- REITs	4.03	7.53	6.14
- Technology	20.80	10.28	3.78
- Telecommunication & cedia	8.66	4.25	5.19
- Transport & logistics	4.70	-	-
- Utilities	1.76	2.07	4.02
- Warrant	-	0.20	0.04
Total quoted equities – local	94.69	75.18	79.73
Cash and cash equivalent	5.31	24.82	20.27
Total	100.00	100.00	100.00
Total NAV (RM'million)	135.461	151.520	180.756
NAV per Unit (RM)	0.3568	0.2772	0.2861
Unit in Circulation (million)	379.617	546.550	631.864
Highest NAV	0.3690	0.3011	0.3185
Lowest NAV	0.2254	0.2752	0.2718
Return of the Fund (%) ⁱⁱⁱ	31.80	-3.11	-8.01
- Capital Growth (%) ⁱ	28.72	-3.11	-10.71
- Income Distribution (%) ⁱⁱ	2.39	Nil	2.41
Gross Distribution per Unit (sen)	0.70	Nil	0.70
Net Distribution per Unit (sen)	0.70	Nil	0.70
Management Expense Ratio (%) ¹	1.62	1.61	1.62
Portfolio Turnover Ratio (times) ²	1.38	1.12	0.78

Basis of calculation and assumption made in calculating the returns:-

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	= NAV per Unit end / NAV per Unit begin – 1
Income return	= Income distribution per Unit / NAV per Unit ex-date
Total return	= (1+Capital return) x (1+Income return) – 1

¹The MER of the Fund was slightly lower than previous year due to lower average net asset value of the Fund during the financial year.

²The Fund recorded a higher PTR due to lower average net asset value of the fund during the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
14-Jul-20	15-Jul-20	0.2975	0.0070	0.2926

No unit split were declared for the financial year ended 28 February 2021.

Performance Review

For the period 1 March 2020 to 28 February 2021, the Fund registered a 31.80% return compared to the benchmark return of 6.41%. The Fund thus outperformed the Benchmark by 25.39%. The Net Asset Value per unit ("NAV") of the Fund as at 28 February 2021 was RM0.3568 while the NAV as at 29 February 2020 was RM0.2772. During the period under review, the Fund has declared a gross income distribution of RM0.0070 per unit.

Since commencement, the Fund has registered a return of 67.01% compared to the benchmark return of 1.04%, outperforming by 65.97%. The fund's investment objective has been met.

Table 1: Performance of the Fund

	1 Year (1/3/20 - 28/2/21)	3 Years (1/3/18 - 28/2/21)	5 Years (1/3/16 - 28/2/21)	Since Commencement (28/6/11 - 28/2/21)
Fund	31.80%	17.47%	48.29%	67.01%
Benchmark	6.41%	(15.00%)	(4.65%)	1.04%
Outperformance	25.39%	32.47%	52.94%	65.97%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/3/20 - 28/2/21)	3 Years (1/3/18 - 28/2/21)	5 Years (1/3/16 - 28/2/21)	Since Commencement (28/6/11 - 28/2/21)
Fund	31.80%	5.51%	8.19%	5.44%
Benchmark	6.41%	(5.27%)	(0.95%)	0.11%
Outperformance	25.39%	10.78%	9.14%	5.33%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (1/3/18 - 28/2/19)	FYE 2018 (1/3/17 - 28/2/18)	FYE 2017 (1/3/16 - 28/2/17)
Fund	31.80%	(3.11%)	(8.01%)	15.27%	9.51%
Benchmark	6.41%	(13.18%)	(8.00%)	9.59%	2.36%
Outperformance	25.38%	10.07%	(0.01%)	5.68%	7.15%

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark since commencement.



"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."

Benchmark: FTSE Bursa Malaysia KLCI

Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Fund Performance Date.

As at 28 February 2021, the Fund's asset allocation in equities stood higher at 94.69%, compared to 75.18% a year ago, while the remaining was held in cash and cash equivalent. During the period under review, the Manager had increased exposures mostly towards the industrials and technology sector, while stripped off energy sector from the portfolio.

Strategies Employed

With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare event of global pandemic.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and “stay at home” trades, which are now facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the month. The Fed lightly addressed some of these concerns but mainly assured that current easy monetary policy will remain, with primary focus on the labor market.

The S&P500 closed 2.76% higher in the month, whilst Asian markets came in marginally lower, with the MSCI Asia ex Japan index gaining 1.25%. It was also a time for earnings announcements. 58.0% of companies in the MSCI Asia ex Japan index reporting their results in the month. Of these, 48.0% saw earnings beat and 12.0% missing estimates. In the US, 79.0% of the companies in the S&P500 saw earnings beat.

President Biden held his first official call with President Xi Jinping. While Biden may have brought up controversial topics such as economic competition and human rights issues, the call should merely be viewed as a formality rather than tangible progress between China and the US and both sides continue to tread on thin ice. The US House of Representatives also passed a US\$1.9 trillion coronavirus relief package.

Commodities saw strong returns in the January, buoyed by vaccination programs and normalization of the economy. The commodity market saw four consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 10.67% in the month.

Following from 2020's political overhang, Malaysia's Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

The PN government unveiled its fifth economic stimulus package, PERMAI, worth RM 15 billion. Market impact was neutral following the announcement, as the package was viewed largely as a safety net aimed at cushioning the downside impact of MCO 2.0's implementation, especially to more vulnerable sectors.

Malaysia's Consumer Price Index (CPI) came in at 122.5 in February 2021, a marginal increase of 0.1% from January 2021. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y. This positive momentum continued in January 2021, with exports expanding by 6.6% y-o-y to RM 89.6 billion. Imports saw the same trend, increasing by 1.3% y-o-y.

In February, the local equity market's performance was muted relative to regional peers, gaining by 0.82% in the month. It was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. AmBank announced a settlement cost of RM2.83 billion for its role and involvement in the 1MDB scandal that took place prior. This accounts for up to 30.0% of its market capitalisation. Petronas announced its first annual loss of RM 21 billion in 2020, its weak earnings dragged by weak product prices and margins, in line with last year's decline in crude oil prices.

The Malaysian bond market saw an unwinding of “rate cut” bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient. Market is of the expectation that central bank will cut rates in BNM's next meeting in March, but our in-house view views that the likelihood of a cut is minimal.

Yields trended higher in tandem with US treasury movement in the month of February. The 10-year MGS closed at 3.08%. The corporate space also saw yields edge higher, particularly in the longer-dated names of the IG credit space. The primary market was greeted by the auction of a new 7-year GII of RM 3.5 billion. The trend here follows from January's auction of the 10-year MGS, with strong bidding interest as the 7-year GII posted a bid-to-cover ratio of 2.2x, supported by onshore interbank players. The yield closed at 2.8%.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return following the low death rates despite the rise in infections. With most markets recovering the year's losses by December coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Recovery plays will be the most obvious theme for the year improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns. We have already started to see the rotation from growth to value take place in the start of 2021.

January 2021's US employment report was less than stellar as nonfarm payrolls increased only by half of the market's initial consensus, which is worse when compared to the fact that it had already been revised down by 159,000 two months prior. The US labor market has some ways to go for recovery as Covid-19 cases continue to rise. Valuations in the American market are coming across as stretched as the S&P 500 surpasses far beyond its historical P/E average of 15x -17x. There has been some correction in the recent few weeks and we may see this correction extend for a further couple more months.

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow.

Following President Biden's call to China, we still expect little improvement between China and the US's already contentious relationship. We see at least a few months of reprieve for the global economy as the two leading nations focus on economic recovery. It will not be long before they step back into the boxing ring to tackle the long list of conflicting issues they face, ranging from trade issues, social rights and environmental impacts.

Economic recovery continues to be delayed by Covid-19 as cases surge throughout the country/ From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Political risk has been delayed with the declaration of state of emergency until August 2021.

Fund flows continue to pour in, following 2020's trend which began in the month of March. In the US, long-term mutual funds and exchange-traded funds picked up US\$95 billion in new assets. ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

State of Affairs of the Fund

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

Soft Commissions received from Brokers

As per the requirements of the Securities Commission's Guidelines on Unit Trust Funds and Guidelines on Compliance Function for Fund Management Companies, soft commissions received from brokers/dealers may be retained by the management company only if the :—

- (i) goods and services provided are of demonstrable benefit to Unit holders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

During the financial period under review, the management company had received on behalf of the Fund, soft commissions in the form of research materials, data and quotation services, investment-related publications, market data feed and industry benchmarking agencies which are of demonstrable benefit to Unitholders of the Fund.

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transaction are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

TRUSTEE'S REPORT

For the Financial Year Ended 28 February 2021

To the Unit Holders of AFFIN HWANG GROWTH FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG GROWTH FUND for the financial year ended 28 February 2021. In our opinion, AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG GROWTH FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement; and
- (c) The distribution of income made by AFFIN HWANG GROWTH FUND as declared by the Manager is appropriate and reflects the investment objective.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Kuala Lumpur, Malaysia
15 April 2021

AFFIN HWANG GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

AFFIN HWANG GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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AFFIN HWANG GROWTH FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
INVESTMENT INCOME/(LOSS)			
Dividend income		2,423,644	4,222,042
Interest income from financial assets at amortised cost		460,521	752,486
Net loss on future contracts at fair value through profit and loss		(3,108,600)	-
Net gain/(loss) on financial assets at fair value through profit or loss	8	34,297,483	(5,806,655)
		<u>34,073,048</u>	<u>(832,127)</u>
EXPENSES			
Management fee	4	(1,862,368)	(2,482,517)
Trustee fee	5	(99,981)	(135,100)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(4,200)	(6,000)
Transaction costs		(1,125,852)	(1,130,753)
Other expenses		(62,366)	(117,799)
		<u>(3,162,267)</u>	<u>(3,879,669)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		30,910,781	(4,711,796)
Taxation	7	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>30,910,781</u>	<u>(4,711,796)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		7,950,687	2,561,824
Unrealised amount		22,960,094	(7,273,620)
		<u>30,910,781</u>	<u>(4,711,796)</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

AFFIN HWANG GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents	9	6,749,734	33,147,300
Amount due from brokers		1,407,848	4,605,488
Dividends receivable		237,583	109,847
Financial assets at fair value through profit or loss	8	128,270,353	113,916,917
TOTAL ASSETS		<u>136,665,518</u>	<u>151,779,552</u>
LIABILITIES			
Amount due to brokers		978,345	-
Amount due to Manager			
- management fee		157,752	188,087
- cancellation of units		27,150	26,147
Amount due to Trustee		8,414	10,031
Auditors' remuneration		7,520	7,520
Tax agent's fee		9,357	13,917
Other payables and accruals		16,251	13,882
TOTAL LIABILITIES		<u>1,204,789</u>	<u>259,584</u>
NET ASSET VALUE OF THE FUND		<u>135,460,729</u>	<u>151,519,968</u>
EQUITY			
Unitholders' capital		93,216,807	137,413,217
Retained earnings		42,243,922	14,106,751
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>135,460,729</u>	<u>151,519,968</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>379,617,000</u>	<u>546,550,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3568</u>	<u>0.2772</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

AFFIN HWANG GROWTH FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 March 2020	137,413,217	14,106,751	151,519,968
Total comprehensive income for the financial year	-	30,910,781	30,910,781
Distribution (Note 6)	-	(2,773,610)	(2,773,610)
Movement in unitholders' capital:			
Creation of units arising from application	566,883	-	566,883
Creation of units arising from distribution	2,773,610	-	2,773,610
Cancellation of units	(47,536,903)	-	(47,536,903)
Balance as at 28 February 2021	<u>93,216,807</u>	<u>42,243,922</u>	<u>135,460,729</u>
Balance as at 1 March 2019	161,937,808	18,818,547	180,756,355
Total comprehensive loss for the financial year	-	(4,711,796)	(4,711,796)
Movement in unitholders' capital:			
Cancellation of units	(24,524,591)	-	(24,524,591)
Balance as at 29 February 2020	<u>137,413,217</u>	<u>14,106,751</u>	<u>151,519,968</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

AFFIN HWANG GROWTH FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		191,323,445	198,480,694
Purchase of investments		(167,203,413)	(179,920,924)
Dividend received		2,295,908	4,155,731
Interest received		460,521	752,486
Management fee paid		(1,892,703)	(2,503,202)
Trustee fee paid		(101,598)	(136,204)
Realised loss on futures		(3,108,600)	-
Payment for other fees and expenses		(1,202,109)	(1,253,100)
Net cash generated from operating activities		<u>20,571,451</u>	<u>19,575,481</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from creation of units		566,883	-
Payments for cancellation of units		(47,535,900)	(24,567,348)
Net cash used in financing activities		<u>(46,969,017)</u>	<u>(24,567,348)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(26,397,566)	(4,991,867)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		33,147,300	38,139,167
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u>6,749,734</u>	<u>33,147,300</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards ("MFRS").

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note K.

(a) Standards, amendments to published standards and interpretations that are effective

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

(b) Standards and amendments that have been issued but not yet effective

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Fund.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

B INCOME RECOGNITION

Dividend income

Dividend income for financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the right to receive the dividend has been established.

Interest income

Interest income from short term deposit with licensed financial institutions is recognised based on effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gains and losses on sale of investments

For quoted equities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

C TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors and brokers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profit earned during the financial year.

Withholding taxes on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

E FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, dividends receivable and amount due from brokers as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to brokers, amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee and other payables and accruals as financial liabilities measured at amortised cost.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or (loss)' in the financial year which they arise.

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

(iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month and lifetime expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit impaired

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. There are no write-offs/recoveries during the financial year.

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H AMOUNT DUE FROM/(TO) BROKERS

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection. Refer to Note F for accounting policy on recognition and measurement.

Any contractual payment which is more than 90 days past due is considered credit impaired.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

I UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholders exercise the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

J DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments comprise futures. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of the Fund's futures is obtained from the relevant stock exchanges where the futures are listed on the financial year end date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unit Trust Funds.

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Quantum Fund (the “Fund”) pursuant to the execution of a Deed dated 25 March 2011, First Supplemental Deed dated 22 July 2014, as modified by a Second Supplemental Deed dated 6 August 2015 and a Third Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”). The Fund has changed its name from Affin Quantum Fund to Affin Hwang Growth Fund as amended by the First Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 25 March 2011 and will continue its operations until terminated by the Trustee as provided by Division 12.3 of the Deed.

The Fund may invest in securities traded on Bursa Malaysia and other markets considered as eligible markets, collective investment schemes, unlisted securities, futures contracts and any other investments approved by the SC from time to time. All investments will be subjected to the SC’s Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund:

- (i) Listed securities
- (ii) Unlisted securities including, without limitation, securities that have been approved by relevant authorities for the listing of and quotation for such securities;
- (iii) Fixed deposits with financial institutions;
- (iv) Money market instruments;
- (v) Government bonds, treasury bills and other Government approved or guaranteed bonds;
- (vi) Debentures including private debt securities and bonds;
- (vii) Unit/shares in collective investment schemes, both local and foreign which are in line with the objective of the Fund;
- (viii) Equity linked instruments such as warrants and right;
- (ix) Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps;
- (x) Structured product; and
- (xi) Any other form of investments as may be permitted by the Securities Commission from time to time that is in line with the Fund’s Objectives.

The objective of the Fund is to seek a stable return and generate capital growth over the medium to long term period in a diversified investment of equities listed on Bursa Malaysia.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 15 April 2021.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	6,749,734	-	6,749,734
Quoted equities	8	-	128,270,353	128,270,353
Dividends receivable		237,583	-	237,583
Amount due from brokers		1,407,848	-	1,407,848
Total		<u>8,395,165</u>	<u>128,270,353</u>	<u>136,665,518</u>
<u>Financial liabilities</u>				
Amount due to brokers		978,345	-	978,345
Amount due to Manager				
- management fee		157,752	-	157,752
- cancellation of units		27,150	-	27,150
Amount due to Trustee		8,414	-	8,414
Auditors' remuneration		7,520	-	7,520
Tax agent's fee		9,357	-	9,357
Other payables and accruals		16,251	-	16,251
Total		<u>1,204,789</u>	<u>-</u>	<u>1,204,789</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	33,147,300	-	33,147,300
Quoted equities	8	-	113,916,917	113,916,917
Dividends receivable		109,847	-	109,847
Amount due from brokers		4,605,488	-	4,605,488
Total		<u>37,862,635</u>	<u>113,916,917</u>	<u>151,779,552</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial instruments of the Fund are as follows: (continued)

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		188,087	-	188,087
- cancellation of units		26,147	-	26,147
Amount due to Trustee		10,031	-	10,031
Auditors' remuneration		7,520	-	7,520
Tax agent's fee		13,917	-	13,917
Other payables and accruals		13,882	-	13,882
Total		<u>259,584</u>	<u>-</u>	<u>259,584</u>

The Fund is exposed to a variety of risks which include market risk (including price risk and interest rate risk), liquidity risk, credit risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unit Trust Funds.

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	<u>2021</u> RM	<u>2020</u> RM
Quoted investments		
Quoted equities	<u>128,270,353</u>	<u>113,916,917</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(a) Price risk

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% and decreased by 10% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2021</u>		
-10%	115,443,318	(12,827,035)
0%	128,270,353	-
+10%	141,097,388	12,827,035
	<u> </u>	<u> </u>
<u>2020</u>		
-10%	102,525,225	(11,391,692)
0%	113,916,917	-
+10%	125,308,609	11,391,692
	<u> </u>	<u> </u>

(b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to the interest rate risk is mainly confined to short term deposit placements with licensed financial institutions. The Manager overcomes this exposure by way of maintaining deposits on short term basis.

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the deposits are held on a short term basis.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts in the table below are the contractual undiscounted cash flows:

	Within <u>one month</u> RM	Between <u>one month</u> <u>to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to brokers	978,345	-	978,345
Amount due to Manager			
- management fee	157,752	-	157,752
- cancellation of units	27,150	-	27,150
Amount due to Trustee	8,414	-	8,414
Auditors' remuneration	-	7,520	7,520
Tax agent's fee	-	9,357	9,357
Other payables and accruals	-	16,251	16,251
	<u>1,171,661</u>	<u>33,128</u>	<u>1,204,789</u>
<u>2020</u>			
Amount due to Manager			
- management fee	188,087	-	188,087
- cancellation of units	26,147	-	26,147
Amount due to Trustee	10,031	-	10,031
Auditors' remuneration	-	7,520	7,520
Tax agent's fee	-	13,917	13,917
Other payables and accruals	-	13,882	13,882
	<u>224,265</u>	<u>35,319</u>	<u>259,584</u>

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

The settlement terms of amount due from brokers are governed by the relevant rules and regulations as prescribed by the respective stock exchanges.

Credit risk arising from placements on deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

The following table sets out the credit risk concentration of the Fund:

	Cash and cash <u>equivalents</u> RM	Dividends <u>receivable</u> RM	Amount due from <u>brokers</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial Services				
- AAA	6,652,200	-	-	6,652,200
- AA2	-	-	1,407,849	1,407,849
- AA3	97,534	-	-	97,534
- NR	-	149,328	-	149,328
REITs				
- NR	-	12,458	-	12,458
Industrial Product & Services				
- NR	-	17,557	-	17,557
Plantation				
- NR	-	58,240	-	58,240
	<u>6,749,734</u>	<u>237,583</u>	<u>1,407,848</u>	<u>8,395,165</u>
<u>2020</u>				
Financial Services				
- AAA	33,095,101	-	1,065,288	34,160,389
- AA3	52,199	-	28,252	80,451
- AA	-	-	3,511,948	3,511,948
REITs				
- NR	-	58,313	-	58,313
Telecommunication & Media				
- NR	-	32,547	-	32,547
Industrial Product & Services				
- NR	-	18,987	-	18,987
	<u>33,147,300</u>	<u>109,847</u>	<u>4,605,488</u>	<u>37,862,635</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the period end date.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>128,270,353</u>	<u>-</u>	<u>-</u>	<u>128,270,353</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>113,916,917</u>	<u>-</u>	<u>-</u>	<u>113,916,917</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include quoted equities. The Fund does not adjust the quoted prices for these instruments.

- (ii) The carrying values of cash and cash equivalents, dividends receivable, amount due from brokers and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate of up to 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 28 February 2021, the management fee is recognised at a rate of 1.50% (2020: 1.50%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

There will be no further liability to the Manager in respect of management fee other than amounts recognised above.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee of up to 0.08% per annum of the NAV of the Fund, calculated on a daily basis.

For the financial year ended 28 February 2021, the Trustee fee is recognised at a rate of 0.08% (2020: 0.08%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

There will be no further liability to the Trustee in respect of Trustee fee other than amounts recognised above.

6 DISTRIBUTION

	<u>2021</u> RM	<u>2020</u> RM
Distribution to unitholders is from the following sources:		
Previous year realised income	2,773,610	-
Gross realised income	-	-
Less: Expenses	-	-
Net distribution amount	<u>2,773,610</u>	<u>-</u>

During the financial year ended 29 February 2021, distribution were made as follows:

	Gross/Net distribution per unit (sen)
<u>2021</u>	
15.07.2020	<u>0.70</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

6 DISTRIBUTION (CONTINUED)

There were no distributions made during the financial year ended 29 February 2020.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation for the respective classes.

The Fund has incurred an unrealised loss of RM Nil (2020: RM7,273,620) for the financial year ended 28 February 2021.

7 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current year taxation - local	-	-

The numerical reconciliation between net profit/(loss) before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	<u>2021</u> RM	<u>2020</u> RM
Net profit/(loss) before taxation	30,910,781	(4,711,796)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	7,418,587	(1,130,831)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss not brought to tax	(8,177,532)	199,710
Expenses not deductible for tax purposes	310,177	333,517
Restrictions on tax deductible expenses for Unit Trust Funds	448,768	597,604
Tax expense	-	-

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	128,270,353	113,916,917
Net gain on financial assets at fair value through profit or loss		
- realised gain on sale of investments	11,337,389	1,466,965
- unrealised gain/(loss) on changes in fair value	22,960,094	(7,273,620)
	34,297,483	(5,806,655)

(a) Quoted equities – local

(i) Quoted equities – local as at 28 February 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate</u> <u>cost</u> RM	<u>Fair</u> <u>value</u> RM	<u>Percentage</u> <u>of NAV</u> %
<u>Consumer Product</u> <u>& Services</u>				
Guan Chong Bhd	502,600	916,607	1,331,890	0.98
Hong Leong Industries Bhd	446,600	3,166,135	3,644,256	2.69
Kumpulan Powernet Bhd	543,500	382,998	1,146,785	0.85
Malayan Flour Mills Bhd	5,622,800	4,783,140	4,666,924	3.44
	7,115,500	9,248,880	10,789,855	7.96
<u>Financial Services</u>				
Allianz Malaysia Bhd	173,200	2,488,539	2,372,840	1.75
Bursa Malaysia Bhd	439,200	3,945,266	3,983,544	2.94
Hong Leong Bank Bhd	218,700	3,671,347	3,857,868	2.85
Malayan Banking Bhd	481,828	4,223,026	3,869,079	2.86
RHB Bank Bhd	711,500	3,611,283	3,820,755	2.82
	2,024,428	17,939,461	17,904,086	13.22

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 28 February 2021 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Health care</u>				
Duopharma Biotech Bhd	763,700	2,640,897	2,344,559	1.73
Hartalega Holdings Bhd	202,100	2,644,054	2,021,000	1.49
IHH Healthcare Bhd	474,500	2,620,829	2,410,460	1.78
	<u>1,440,300</u>	<u>7,905,780</u>	<u>6,776,019</u>	<u>5.00</u>
<u>Industrial Product & Services</u>				
Ann Joo Resources Bhd	868,400	1,351,739	2,040,740	1.51
ATA IMS Bhd	688,100	1,171,905	1,906,037	1.41
Petronas Chemicals Group Bhd	184,100	1,071,825	1,367,863	1.01
Press Metal Aluminium Hldg Bhd	382,500	2,866,489	3,633,750	2.68
Sarawak Consolidated Ind Bhd	790,000	559,302	1,524,700	1.13
Scientex Bhd	1,571,100	2,626,166	6,300,111	4.65
SKP Resources Bhd	1,723,500	2,706,851	3,929,580	2.90
Sunway Bhd	1,383,578	2,213,693	2,033,860	1.50
Supercomnet Technologies Bhd	2,492,000	4,859,400	4,535,440	3.35
V.S. Industry Bhd	1,852,300	3,399,110	5,519,854	4.07
	<u>11,935,578</u>	<u>22,826,480</u>	<u>32,791,935</u>	<u>24.21</u>
<u>Plantations</u>				
Kuala Lumpur Kepong Bhd	166,400	3,856,643	3,860,480	2.85
<u>Property</u>				
Eco World Development Grp Bhd	4,195,700	2,090,713	2,034,914	1.50
<u>REITs</u>				
IGB REIT	1,716,000	2,810,985	2,882,880	2.13
Sunway REIT	1,704,200	2,865,173	2,573,342	1.90
	<u>3,420,200</u>	<u>5,676,158</u>	<u>5,456,222</u>	<u>4.03</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 28 February 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Technology</u>				
Frontken Corp Bhd	514,400	1,762,677	2,680,024	1.98
GHL Systems Bhd	1,191,850	1,094,419	2,085,738	1.54
Greotech Technology Bhd	937,200	2,498,375	5,707,548	4.21
Inari Amertron Bhd	872,300	1,651,112	3,140,280	2.32
JHM Consolidation Bhd	1,066,700	1,706,109	2,474,744	1.83
Malaysian Pac Industries Bhd	130,900	1,310,792	4,843,300	3.57
My EG Services Bhd	1,289,100	2,299,609	2,732,892	2.02
Pentamaster Corporation Bhd	445,700	1,367,946	2,803,453	2.07
Unisem M Berhad	195,300	1,183,551	1,710,828	1.26
	<u>6,643,450</u>	<u>14,874,590</u>	<u>28,178,807</u>	<u>20.80</u>
<u>Telecommunication & Media</u>				
Telekom Malaysia Bhd	1,300,400	7,909,569	7,945,444	5.87
TIME dotCom Berhad	272,400	2,585,164	3,780,912	2.79
	<u>1,572,800</u>	<u>10,494,733</u>	<u>11,726,356</u>	<u>8.66</u>
<u>Transport. & Logistics</u>				
Malaysia Airports Holdings Bhd	233,500	1,262,131	1,398,665	1.03
MISC Bhd	362,000	2,414,540	2,418,160	1.79
TASCO Bhd	629,500	2,247,349	2,549,475	1.88
	<u>1,225,000</u>	<u>5,924,020</u>	<u>6,366,300</u>	<u>4.70</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 28 February 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Utilities</u>				
YTL Corp Bhd	3,641,800	2,699,410	2,385,379	1.76
Total quoted equities – local	43,381,156	103,536,868	128,270,353	94.69
Accumulated unrealised gain on quoted equities – local		24,733,485		
Total quoted equities – local		128,270,353		

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 29 February 2020 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Construction</u>				
WCT Holdings Bhd	1,390,000	1,545,659	903,500	0.60
<u>Consumer Product & Services</u>				
Guan Chong Bhd	1,520,300	2,772,618	3,815,953	2.52
Hong Leong Industries Bhd	707,800	5,017,892	6,448,058	4.25
	2,228,100	7,790,510	10,264,011	6.77
<u>Energy</u>				
Dayang Enterprise Hldgs Bhd	595,450	1,202,098	1,387,398	0.92
Hibiscus Petroleum Bhd	4,947,000	5,076,042	3,685,515	2.43
KNM Group Berhad	11,024,800	3,569,165	2,370,332	1.56
Malaysia Marine&Heavy Eng. Bhd	1,959,100	1,730,836	1,439,939	0.95
Velesto Energy Bhd	3,968,100	1,188,686	1,170,590	0.77
Wah Seong Corporation Bhd	2,377,200	2,921,520	2,757,552	1.82
Yinson Holdings Berhad	443,600	2,665,549	3,105,200	2.05
	25,315,250	18,353,896	15,916,526	10.50
<u>Financial Services</u>				
Allianz Malaysia Berhad	130,300	1,865,364	1,977,954	1.30
Aeon Credit Service M Bhd	363,286	4,119,802	5,013,347	3.31
Hong Leong Bank Bhd	199,300	3,390,064	3,049,290	2.01
Malayan Banking Bhd	753,105	6,778,859	6,326,082	4.17
RHB Bank Bhd	556,600	3,088,627	3,077,998	2.03
	2,002,591	19,242,716	19,444,671	12.82
<u>Health care</u>				
Duopharma Biotech Bhd	2,434,786	3,326,778	3,652,179	2.41
Hartalega Holdings Bhd	549,300	2,946,102	3,389,181	2.24
IHH Healthcare Bhd	596,400	3,371,637	3,387,552	2.24
Supermax Corp Bhd	1,811,400	3,285,759	2,862,012	1.89
	5,391,886	12,930,276	13,290,924	8.78

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 29 February 2020 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Industrial Product & Services</u>				
ATA IMS Bhd	2,040,400	3,475,012	3,081,004	2.03
Scientex Bhd	523,700	2,626,166	4,634,745	3.06
Sunway Berhad	2,894,078	4,630,458	5,093,577	3.36
V.S. Industry Bhd	1,160,000	1,283,225	1,450,000	0.96
	<u>6,618,178</u>	<u>12,014,861</u>	<u>14,259,326</u>	<u>9.41</u>
<u>Plantations</u>				
Genting Plantations Bhd	298,700	3,092,766	2,987,000	1.97
<u>REITs</u>				
IGB REIT	1,716,000	2,810,986	3,329,040	2.20
KLCCP Stapled Group				
Stapled Security	398,300	3,192,481	3,206,315	2.12
Sunway REIT	2,584,800	4,576,180	4,859,424	3.21
	<u>4,699,100</u>	<u>10,579,647</u>	<u>11,394,779</u>	<u>7.53</u>
<u>Technology</u>				
GHL Systems Bhd	2,497,300	3,439,726	3,995,680	2.64
Inari Amertron Bhd	1,420,800	2,714,449	2,003,328	1.32
JHM Consolidation Bhd	1,950,300	3,120,339	2,379,366	1.57
Malaysian Pacific Industries Bhd	268,500	2,688,675	2,872,950	1.90
Pentamaster Corporation Bhd	950,600	4,350,346	4,325,230	2.85
	<u>7,087,500</u>	<u>16,313,535</u>	<u>15,576,554</u>	<u>10.28</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 29 February 2020 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunication & Media</u>				
Digi.com Berhad	739,700	3,502,090	3,069,755	2.03
TIME dotCom Berhad	365,600	3,289,191	3,363,520	2.22
	<u>1,105,300</u>	<u>6,791,281</u>	<u>6,433,275</u>	<u>4.25</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	259,300	3,488,379	3,137,530	2.07
<u>Warrant</u>				
Guan Chong Bhd	302,766	-	308,821	0.20
	<u>56,698,671</u>	<u>112,143,526</u>	<u>113,916,917</u>	<u>75.18</u>
Total quoted equities – local				
Accumulated unrealised gain on quoted equities – local		<u>1,773,391</u>		
Total quoted equities – local		<u>113,916,917</u>		

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	97,534	52,199
Deposits with licensed financial institutions	6,652,200	33,095,101
	<u>6,749,734</u>	<u>33,147,300</u>

The weighted average effective interest rates per annum of deposits with licensed financial institutions are as follows:

	<u>2021</u> %	<u>2020</u> %
Deposits with licensed financial institutions	<u>1.75</u>	<u>2.76</u>

Deposits with licensed financial institutions have an average maturity of 1 day (2020: 2 days).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	546,550,000	631,864,000
Creation of units arising from applications	1,774,000	-
Creation of units arising from distributions	9,382,984	-
Cancellation of units	(178,089,984)	(85,314,000)
At the end of the financial year	<u>379,617,000</u>	<u>546,550,000</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the financial year ended 28 February 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #	147,530,193	41.41	446,498	41.63
Public Investment Bank Bhd	25,794,707	7.24	79,630	7.43
Malayan Banking Bhd	23,933,378	6.72	71,637	6.68
Hong Leong Investment Bank Bhd	22,254,553	6.25	68,357	6.37
CGS – CIMB Securities Sdn. Bhd	21,791,511	6.11	67,878	6.33
Uob Kay Hian Securities (M) Sdn Bhd	20,991,399	5.89	60,931	5.68
Rhb Investment Bank Bhd	20,545,290	5.77	58,007	5.41
Alliance Investment Bank Bhd	12,282,183	3.45	38,148	3.56
Kaf Seagroatt & Campbell Securities Sdn Bhd	9,939,216	2.79	31,013	2.89
Kenanga Investment Bank Bhd	9,726,518	2.73	30,178	2.81
Others	41,454,693	11.64	120,237	11.21
	<u>356,243,642</u>	<u>100.00</u>	<u>1,072,515</u>	<u>100.00</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers for the financial year ended 29 February 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #*	143,589,033	37.81	436,770	38.54
CLSA Securities (M) Sdn Bhd	24,329,733	6.41	60,246	5.32
Hong Leong Investment Bank Bhd	21,645,942	5.70	65,200	5.75
Kenanga Investment Bank Bhd	21,589,406	5.68	65,095	5.74
RHB Investment Bank Bhd	20,349,520	5.36	61,883	5.46
Public Investment Bank Bhd	20,278,277	5.34	63,734	5.62
CIMB Investment Bank Bhd	19,385,861	5.10	56,240	4.96
Macquarie Capital Securities (M) Sdn Bhd	18,279,426	4.81	53,841	4.75
Malayan Banking Bhd	15,961,580	4.20	46,982	4.15
UOB Kay Hian Securities (M) Sdn Bhd	13,738,369	3.62	41,655	3.68
Others	60,650,234	15.97	181,719	16.03
	<u>379,797,381</u>	<u>100.00</u>	<u>1,133,365</u>	<u>100.00</u>

Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting RM147,530,193 (2020: RM143,589,033). The Manager is of the opinion that the transactions with the related company have been entered at agreed terms between the related parties.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

* Included in the transactions with dealers are cross trades conducted between the Fund and private mandates managed by the Manager amounting to:

	<u>2021</u> RM	<u>2020</u> RM
<u>Name of dealers</u>		
Affin Hwang Investment Bank Bhd	-	4,366,726

The cross trades are conducted between the Fund and other funds; and private mandate managed by the Manager as follows:

	<u>2021</u> RM	<u>2020</u> RM
Private mandate managed by the Manager	-	4,366,726

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Penultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

The units held by the Manager as at the end of the financial year are as follows:

	<u>2021</u>		<u>2020</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	3,009	1,074	2,222	616

13 MANAGEMENT EXPENSE RATIO ("MER")

	<u>2021</u>	<u>2020</u>
	%	%
MER	1.62	1.61

MER is derived from the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E)}{F} \times 100$$

- A = Management fee, excluding management fee rebate
- B = Trustee fees
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses, excluding sales and service tax on transaction costs and withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM 125,308,225 (2020: RM168,400,303).

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2021</u>	<u>2020</u>
PTR (times)	<u>1.38</u>	<u>1.12</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average net asset value of the Fund for the financial year calculated on daily basis}}$$

where: total acquisition for the financial year =RM168,181,758 (2020: RM177,747,594)
total disposal for the financial year =RM176,788,416 (2020: RM200,680,588)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAER

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

AFFIN HWANG GROWTH FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 34 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 28 February 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 28 February 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
AFFIN HWANG ASSET MANAGEMENT BERHAD

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 April 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG GROWTH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Growth Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 28 February 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 28 February 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 34.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG GROWTH FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG GROWTH FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG GROWTH FUND (CONTINUED)

OTHER MATTERS

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
15 April 2021

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